

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7121

BILL NUMBER: SB 360

NOTE PREPARED: Mar 1, 2005

BILL AMENDED: Feb 28, 2005

SUBJECT: Coverage of Surgery for Morbid Obesity.

FIRST AUTHOR: Sen. Miller

FIRST SPONSOR: Rep. Becker

BILL STATUS: As Passed Senate

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill removes language in the morbid obesity definition that refers to weight guidelines in the Metropolitan Life Insurance table. The bill specifies certain requirements for coverage for surgical treatment of morbid obesity under: (1) a state employee health plan; (2) an accident and sickness insurance policy; and (3) a health maintenance organization contract. It requires monitoring of patients and reporting of specified information by physicians to the State Department of Health.

Effective Date: July 1, 2005.

Explanation of State Expenditures: (Revised) This bill would require the confirming opinion of a second physician that bariatric surgery is necessary to save the life of an individual under 21 years of age. The state offers four benefit plans. All four provide coverage for the surgical treatment of obesity, as required by law. Anthem Blue Cross Blue Shield, administrator of the state employees' traditional health plan, reports that the medical policy for prior approval for bariatric surgery is that approval of the surgical treatment for individuals under the age of 18 is evaluated on a case-by-case basis.

State Department of Health: This bill requires a physician that performs a surgical procedure for the treatment of a patient with morbid obesity to monitor the patient for 5 years following the surgery and to report cases that result in serious complications or death to the State Department of Health in the manner to be prescribed by the Department. The Department has estimated for similar types of reporting requirements that a paper-based reporting system with an electronic database could be implemented for approximately \$25,000. Ongoing operating costs are estimated to be \$10,000 annually. The Department is not required to compile the data or report the results in the provisions of the bill. The bill provides that the reporting requirement will expire June

30, 2010.

The Department would be required to promulgate rules in order to implement the reporting provisions of the bill. It is assumed that this administrative task can be accomplished within the existing level of resources available to the Department.

Appropriation Background: The ISDH administrative appropriations were made from the dedicated Tobacco Master Settlement Agreement Fund for FY 2004 and FY 2005. Revenues from fees and penalties collected by the Department are deposited in the General Fund, with augmentation allowed in amounts not to exceed the additional revenue from fees or penalties received after July 1, 2003. The funding source of the FY 2006 and FY 2007 ISDH administrative appropriations will be determined by the General Assembly.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Office of Medicaid Policy and Planning; State Personnel; State Department of Health.

Local Agencies Affected:

Information Sources: Melanie Bella, Assistant Secretary, Office of Medicaid Policy and Planning, 317-234-2407; and the presentation of Randy L. Howard, M.D., Senior Medical Director, Anthem Blue Cross Blue Shield to the Commission on Excellence in Health Care, October 27, 2004.

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